

House Study Bill 240 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SANDS)

A BILL FOR

1 An Act relating to school district funding by establishing a
2 district cost per pupil equity budget adjustment, modifying
3 limitations on the cash reserve levy, and including
4 effective date provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.2, subsection 2, Code 2015, is
2 amended by striking the subsection.

3 Sec. 2. NEW SECTION. **257.14A District cost per pupil equity**
4 **— budget adjustment.**

5 1. The board of directors of a school district with a
6 regular program district cost per pupil that is less than the
7 highest regular program district cost per pupil among all
8 school districts in the state for the same budget year that
9 wishes to receive the budget adjustment under this section may
10 adopt a resolution by May 15 preceding the budget year and
11 shall notify the department of management of the adoption of
12 the resolution and the amount of the budget adjustment to be
13 received.

14 2. *a.* For budget years beginning on or after July 1,
15 2015, each school district that satisfies the requirements of
16 subsection 1 shall be eligible for a budget adjustment for that
17 budget year in an amount not to exceed the difference between
18 the school district's regular program district cost per pupil
19 and the highest regular program district cost per pupil among
20 all school districts in the state multiplied by the district's
21 budget enrollment. The resolution adopted under subsection 1
22 may specify a budget adjustment amount that is less than the
23 maximum amount authorized under this paragraph.

24 *b.* The school district shall fund the budget adjustment
25 increase either by using moneys from its unexpended fund
26 balance or by using cash reserve moneys.

27 3. A budget adjustment received under this section shall
28 not affect the eligibility for or amount of any other budget
29 adjustment authorized by law for the same budget year. In
30 addition, a budget adjustment under this section shall be
31 limited to the budget year for which the adjustment was
32 authorized and shall not be included in any computation of a
33 school district's cost for any future budget year.

34 Sec. 3. Section 257.34, Code 2015, is amended to read as
35 follows:

1 **257.34 Cash reserve information.**

2 1. If a school district receives less state school
3 foundation aid under section 257.1 than is due under that
4 section for a base year and the school district uses funds
5 from its cash reserve during the base year to make up for
6 the amount of state aid not paid, the board of directors of
7 the school district shall include in its general fund budget
8 document information about the amount of the cash reserve used
9 to replace state school foundation aid not paid.

10 2. If a school district uses funds from its cash reserve
11 during the base year to fund a budget adjustment under section
12 257.14A, the board of directors of the school district shall
13 include in its general fund budget document information about
14 the amount of the cash reserve used for such purpose.

15 Sec. 4. Section 298.10, subsection 3, Code 2015, is amended
16 to read as follows:

17 3. a. For Except as provided in paragraph "b", for fiscal
18 years beginning on or after July 1, 2012, the cash reserve
19 levy for a budget year shall not exceed twenty percent of the
20 general fund expenditures for the year previous to the base
21 year minus the unexpended fund balance, as defined in section
22 257.2, for the year previous to the base year.

23 b. For fiscal years beginning on or after July 1, 2015,
24 the cash reserve levy for a school district that received a
25 budget adjustment under section 257.14A, shall not exceed the
26 lesser of the amount determined under paragraph "a" and the
27 amount levied under this section in the year previous to the
28 base year, excluding any amount levied to fund a modified
29 supplemental amount established under section 257.31.

30 Sec. 5. IMPLEMENTATION. Notwithstanding the deadline
31 for adopting a resolution to approve the budget adjustment
32 in section 257.14A, subsection 1, for the school budget
33 year beginning July 1, 2015, the resolution of the board of
34 directors of a school district shall be approved not later than
35 June 10, 2015.

1 Sec. 6. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
2 immediate importance, takes effect upon enactment.

3 EXPLANATION

4 The inclusion of this explanation does not constitute agreement with
5 the explanation's substance by the members of the general assembly.

6 This bill establishes a district cost per pupil equity
7 budget adjustment. The board of directors of a school district
8 with a regular program district cost per pupil that is less
9 than the highest regular program district cost per pupil among
10 all school districts in the state for the same budget year may
11 annually adopt a resolution to receive the budget adjustment
12 authorized in the bill. Following adoption of the resolution
13 the board of directors must notify the department of management
14 of the adoption of the resolution and the amount of the budget
15 adjustment to be received.

16 For budget years beginning on or after July 1, 2015, each
17 eligible school district is eligible for a budget adjustment
18 for that budget year in an amount equal to the difference
19 between the school district's regular program district cost
20 per pupil and the highest regular program district cost per
21 pupil among all school districts in the state multiplied by
22 the district's budget enrollment. The resolution authorizing
23 the budget adjustment may specify a budget adjustment amount
24 that is less than the maximum amount authorized under the
25 bill. The bill requires the school district to fund the budget
26 adjustment increase either by using moneys from its unexpended
27 fund balance or by using cash reserve moneys.

28 The bill specifies that the budget adjustment received does
29 not affect the eligibility for or amount of any other budget
30 adjustment authorized by law for the same budget year and that
31 the budget adjustment under the bill is limited to the budget
32 year for which the adjustment was authorized and shall not be
33 included in any computation of a school district's cost for any
34 future budget year.

35 Under the bill, if a school district uses funds from its

1 cash reserve during the base year to fund a budget adjustment
2 authorized in the bill, the board of directors of the school
3 district shall include in its general fund budget document
4 information about the amount of the cash reserve used for such
5 purpose.

6 Code section 298.10 directs the department of management to
7 limit the school district's cash reserve levy to a level that
8 is not in excess of 20 percent of the general fund expenditures
9 for the year previous to the base year minus the unexpended
10 fund balance for the year previous to the base year. The bill
11 provides that for fiscal years beginning on or after July 1,
12 2015, the cash reserve levy for a school district that received
13 a budget adjustment under the bill, shall not exceed the lesser
14 of the amount determined under the current law limitation and
15 the amount levied for cash reserve in the year previous to
16 the base year, excluding any amount levied to fund a modified
17 supplemental amount established under Code section 257.31.

18 Notwithstanding the May 15 deadline for adopting a
19 resolution to approve the budget adjustment provided for in the
20 bill, for the school budget year beginning July 1, 2015, the
21 resolution of the board of directors of a school district must
22 be approved not later than June 10, 2015.

23 The bill takes effect upon enactment.